

THE STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

**Strategic Sourcing, Cost Recovery and Reduction Services Related to the State's
Expenses for Goods and Services**

Questions and Answers

1. Will the State consider compensating the contractor for the initial assessment and identification of projects?

As indicated in the RFP, contractor(s) will be compensated on the basis of realized savings. The level of assessment and identification costs sought by a contractor would have an impact of the contingency-based reimbursement percentage and on the level of net savings to be achieved by the State. This is a factor that will be considered by the State as part of this RFP process and, subsequently, with decisions to proceed with individual projects with the selected contractor(s).

2. For each cost saving project identified and agreed to by the state, will the method of quantifying and verifying actual cost savings be agreed to prior to the contractor beginning work on the project?

Yes

3. When does the 12 month window for realized savings, as stated on RFP page 16, begin?

While the specifics will need to be worked out prior to the start of a project, the State is seeking to commence the contingency-fee payments to the contractor when the savings to the State begin to be realized.

4. What guarantee of payment does the contractor have if the State, for whatever reason, decides to cancel or delay a project, once it's approved, and because of this the savings don't fully materialize?

This will need to be addressed in any contract negotiated by the parties.

5. Will the State consider monthly payments to the contractor, based on monthly, measurable savings?

These specifics will need to be determined by the parties prior to the start of the project.

6. Will the State consider an arrangement whereby the contractor is paid for its consulting work and the contractor agrees to a smaller percentage of the cost savings?

The intent, as stated in the RFP, is to compensate contractors on the basis of realized savings.

7. Will the State consider paying a license fee for software that is considered necessary to a cost savings project implementation?

While unclear about what is being asked, how a contractor will be reimbursed will be guided by the terms of the contract and the compensation basis determined for each project. The State recognizes that it may incur certain other costs as part of achieving savings.

8. What is the timeline for "long-term cost recovery and savings", (RFP page 1, item 5), for which the contractor will be compensated?

While the base to which contractor contingency percentage will be applied is first year savings, long-term savings to be realized will be part of determining which projects will be approved by the State to proceed under the contract. This issue will be addressed further in contract negotiations.

9. What incentive does the contractor have to recommend projects that result in a cost savings that is beyond the 12 month realized savings window?

See answer to number 8.

10. What does the State consider a fair percentage for cost sharing?

This will be determined through the RFP and negotiation processes.

11. Are all state agencies eligible and included in this RFP? If any are not, please list.

While the RFP is intended primarily for the executive branch agencies, the contract could also be made available to the Legislative and Judicial branches.

12. Are all goods and services eligible and included in this RFP? If any are not, please list.

All good and services are eligible for consideration.

13. What is the estimated annual addressable spend value in scope for this project? Are there any spending categories or areas that will be considered out of scope of this project (e.g., Highway Construction, IT, Building Construction, HR Benefits)?

While savings related to the State's expenditures for goods and services, including IT (approximately \$500 million annually), is the primary focus of the RFP, the State, at its discretion, may consider contingency-based savings proposals for other types of expenditures where appropriate.

14. What entities (e.g., executive branch, judicial, legislative, boards and commissions, education, local jurisdictions) are included in the scope of this project and available payment consideration?

See answer to question 11.

15. Will there be a mandate that all in-scope agencies will participate in the project? Are there any specific delegations of authority outside of the Office of Policy and Management that will impact project scope?

This will be a joint project between the Office of Policy Management and the Department of Administrative Services and is mandatory for executive branch agencies that report to the Governor.

16. Are all types of funds included in the scope of the project (e.g. State, Federal, Special Revenue)

Yes for state funds. While saving will also be sought for federal and special revenue, any limitations or restrictions associated with these funds would have to be taken into account during negotiations.

17. Could the State please provide further definition of "implementation services" under item 5 in the Project Identification, Initiation and Management section of the RFP?

These implementation services involve those technical assistance and other services that the state, at its discretion, feels are needed to have a cost saving initiative successfully implemented.

18. Please describe the number and types of specific systems (e.g., ERP, accounting, procurement, p-card) that the State has captured purchasing transaction details in the past 12 months for the in-scope entities?

Purchasing details for Executive Branch Agencies is captured in Core-CT., the State's financial management and human resource system.

19. How are agency and central contracts and invoices for historical purchases maintained (e.g., in central electronic searchable repository, paper based in decentralized locations) for the in-scope entities?

Agency and central contracts are paper based and retained at each agency. Agencies are required to enter their contracts in Core-CT, but only a small subset of the contract data is entered. The exception is contracts prepared by the Department of Administrative Services that are available online at the State Contracting Portal. Agency and central invoices are paper based and retained at each agency.

20. What are the State's goals and expectations around "knowledge transfer"? Please help us reconcile the assignment of project managers and expectations for interaction with specific category owners and agency involvement? (e.g., formal training, day-to-day work activity model)

The state expects the contractor(s) to provide knowledge transfer that will enable ongoing cost savings related to implemented projects. The state will assign appropriate state staff to individual projects prior to their commencement. The state will consult with the contractor in this regard.

21. Could the State confirm that there are no administrative fees or transaction fees that the Contractor would have to pay the State for fees received under this contract?

While unclear as to the question, these items would be addressed through contract negotiations.

22. Have funds been appropriated for this project?

As indicated in the RFP, contractors would be compensated based on a realized cost savings. Also, see response to question 24.

23. In Schedule 1 of Appendix B, the State asks for a fee structure based on "Total Cost Recovered". The RFP also indicates consultants will be compensated on the basis of realized savings. Are these terms used interchangeably?

Those two terms are generally equivalent.

24. Could the State explain the process for collection of funds to pay the Contractor for this project? (e.g., specific central fund appropriation, collection from each agency based on results)

The Office of Policy Management, the state's budget agency, will work with the agencies to identify the appropriate accounts from which to make payments to contractors in accordance with the contract terms.

25. Does the State have a defined list of acceptable savings definitions for purposes of compensating the Contractor (e.g., purchase price savings, inventory reductions, cost avoidance, substitution for more cost effective product or service, process improvement)?

We do not have a defined list. The examples included in your example are the types of savings opportunities the state is seeking to implement.

26. Did the State engage any third parties to support the development of this RFP? Does the State have any previous spend analysis reports, either done internally or by 3rd parties? If so, can these be provided to Proposers when the State provides responses to submitted written questions?

A third party was not engaged. There are no specific spend reports available for this solicitation.

27. If the Contractor utilizes a third party spend analysis software solution to conduct the initial spend analysis phase, does the State acknowledge that there may be additional monthly licensing fees if they should elect to continue to use this solution after the spend analysis phase to monitor their future spend and compliance? Where in the Cost Proposal should these optional, ongoing fees be provided?

Any License fees would be addressed in contract negotiations. Please detail these fees separately as part of your cost proposal.

28. The RFP contained a listing of qualifications that will be considered as part of the basis for awarding a contract. Are these mandatory qualifications?

Eligible proposers shall be consultants, companies and institutions that have a demonstrated track record in analysis related to strategic sourcing and/or of a similar nature with large organizations. Experience working with state or large local governments preferred.

29. What are the specific evaluation criteria and weighting the State will use evaluate this RFP?

The evaluation criteria are based on the following:

- *Firm's profile (experience, qualifications, references and organization structure) 25%*
- *Outline of work (work plan, methodology, deliverables and schedule) 20%*
- *Personnel Resources (staffing plan, key personnel, affirmative action) 25%*
- *Cost (Propers fee as a % of total costs saved, Proposed methodology for determining fee) 30%*

30. How will Price specifically be evaluated? How will the State evaluate return on investment (ROI)?

Please see question 29.

31. Will the State evaluate the Proposers inclusion of sub-contractors that are owned by minorities, women, persons with a handicap or disability, or are small business enterprises?

Yes

32. Are electronic images of Proposer's authorized representative acceptable to the State, or do Proposers need to submit wet ink signatures?

Please submit wet ink signatures.